



# Rule Up For Final Action

Proposed Amendment of

**WAC 230-40-554**

Chief executive officer or chief operations officer defined.

<b>ITEM 12 (a) on the November 19, 2004, Commission Meeting Agenda.</b>	<b>Statutory Authority 9.46.070</b>
<b>Who proposed the rule change?</b>	
Staff, at the request of Gary Murrey.	
<b>Why is this rule change needed?</b>	
<p>Change would allow the Chief Executive Officer (CEO) or Chief Operations Officer (COO) (sometimes referred to as the General Manager) to also act as the Gaming Operations Department Manager in a house-banked card room. Currently, agency rules require these positions to be held by two separate people. Requiring separate employees for each of these positions is a safeguard that was established when house-banked card rooms were first introduced in the state to protect a card room from a person performing “incompatible functions” (defined below).</p> <p>Gary Murrey, on behalf of the Recreational Gaming Association, feels if a card room owner is comfortable with a General Manager performing both jobs, they should be allowed to hold both positions. It is a business decision and saves money.</p> <p>Staff believe allowing this change would not compromise players or a card room, if proper internal controls are in place. Therefore, staff proposes an amendment to WAC 230-40-554 to allow the CEO / COO to also act as the Gaming Operations Department Manager.</p> <p><b><u>WAC text attached for the following three rules:</u></b></p> <p><b>1) The CEO or COO</b> is designated by the card room owner as having overall responsibility for the card room and is sometimes referred to as the <b>General Manager</b> of the business. WAC 230-40-554 defines CEO/COO.</p> <p><b>2) The Gaming Operations Department Manager’s</b> duties are outlined in WAC 230-40-815 (3)(c). Subsection (2)(b) requires a licensee's administrative controls to segregate incompatible functions to ensure an employee is not in a position to perpetrate and conceal errors or irregularities in the normal course of his/her duties.</p> <p><b>3) Incompatible functions</b> for accounting and internal control purposes are defined in WAC 230-40-550. These are functions, duties, or responsibilities that place any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties are incompatible functions.</p>	
<b>Statements against the proposed rule change.</b>	
None at this time.	
<b>Which licensees will be directly impacted?</b>	
House-banked card rooms.	
<b>What are the potential impacts to the agency?</b>	
Minimal.	
<b>Staff recommendation.</b>	
Adoption.	
<b>Proposed effective date.</b>	
January 1, 2005.	